

Procedures for Writing Off Debt
May 2001

The following procedures will be used for writing off delinquent debt.

- All delinquent debt over 2 years old will be written off in compliance with Office of Management and Budget (OMB) Circular A-129, "Policies for Federal Credit Programs and Non-Tax Receivables," as amended on November 29, 2000.
- The Bureau of Land Management (BLM) State/Field Offices will be notified of any debt that will be written off.
- The BLM State/Field Offices will have a 2-week timeframe to notify the BLM National Business Center (NBC) of debt that they do not want written off. The justification for not writing off debt will be sent through the Department of the Treasury to OMB.

The following situations would be valid reasons for not writing off a debt:

- a. The BLM State/Field Office is negotiating a compromise settlement;
 - b. The debtor has died;
 - c. The debtor has filed for bankruptcy; or
 - d. The debt has been referred for litigation.
- The BLM State/Field Offices can continue to pursue collection of debts on their own after they have been written off. Collection efforts should only be pursued if cost effective.
 - The BLM NBC will continue to track the written-off debt for 6 months after write off. The debt will then be officially closed.
 - When the debt is written off, the BLM NBC will prepare and file a Form 1099C, Cancellation of Debt with the Internal Revenue Service. The 1099C reports the uncollectible debt as income to the debtor, which may be taxable at the debtor's current tax rate. Debtors will be instructed to call the BLM NBC with questions regarding the 1099C.